DOCUMENT RESUME

ED 367 880 CE 065 988

AUTHOR	Naffziger, Douglas W.; Kuratko, Donald F.
TITLE	Planning in Small Business: Lessons from the Business Owners. SBDC Professional Enrichment.
PUB DATE	92
NOTE	13p.; Small Business Forum, volume 9, number 3, p60-69, Winter 1991/92 (reprint).
AVAILABLE FROM	Small Business Development Center, 432 North Lake Street, Room 425, Madison, WI 53706 (reprint no. AR574: 1-9 copies, $4 each plus $2 shipping; 10-99, $3 each plus $4 shipping; 100 or more, $2 each plus $10 shipping).
PUB TYPE	Reports - Research/Technical (143)
EDRS PRICE	MF01/PC01 Plus Postage.
DESCRIPTORS	Adult Education; *Change Strategies; Entrepreneurship; Long Range Planning; *Planning; *Resistance to Change; Role of Education; *Small Businesses; Strategic Planning

ABSTRACT

A survey of 255 owners of independent businesses in the Midwest investigated their planning activities. Findings indicate that a large majority of the owners of existing businesses engage in both long-term and short-term planning. They believe that some of their planning is beneficial. However, most believe that they are only moderately well organized and they are only moderately satisfied with their efforts. Educators can help small business owners improve the quality of their planning. They need to be familiar with a definition of planning and the seven most common types of plans: strategic, business, marketing, financial, human resource development, operation, and action. Most small businesses need only three main classes of plans: long range, program, and annual or budgets. One widely held theory says that resistance to planning stems from resistance to change. Change is more acceptable when it is understood, does not threaten security, follows a series of successes, is inaugurated after prior change has been assimilated, and has been planned and if the organization has been trained to plan for improvement. Another important factor to consider is skepticism about the value of planning. Educators should be aware of potential problems and help business owners avoid them. They need to read books and go through the training process so they better understand and anticipate potential problems. (A planning resources bibliography cites 21 books and 17 articles. Twelve footnotes are appended.) (YLB)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

Reprints Reprints Reprints Reprints Reprints Reprints Reprints Reprints

SMALL BUSINESS

FORUM

The Journal of the Association of Small Business Development Centers Published by the University of Wisconsin–Extension

ED 367 880

SBDC PROFESSIONAL ENRICHMENT

Planning in Small Business: Lessons from the Business Owners

Douglas W. Naffziger and Donald F. Kuratko

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☐ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

CE 065 778

This article is reprinted from the *Small Business Forum*, the journal of the Association of Small Business Development Centers, which is published by the University of Wisconsin-Extension Small Business Development Center. For information about subscriptions, reprints or submissions, please write to us at 432 North Lake Street, Room 425, Madison, WI 53706, or call us at 608/263-7843.

BEST COPY AVAILABLE

Planning in Small Business: Lessons from the Business Owners

Douglas W. Naffziger, D.B.A.

Donald F. Kuratko, D.B.A.

Dr. Naffziger is an assistant professor and Small Business Institute director at Ball State University in Muncie, Indiana, and former president of the Great Lakes Region Small Business Institute Directors Association.

Dr. Kuratko is the Stoops Distinguished Professor in Business, Director of the Entrepreneurship Program at Ball State University, and the author of three textbooks: *Effective Small Business Management*, *Entrepreneurship, A Contemporary Approach* and *Management*.

For years, researchers have been telling us that there is a correlation between successful planning and successful performance in small businesses.[1] Dozens of authors have offered the sort of advice and encouragement that Michael Porter gives in the following excerpt from a recent *Inc.* magazine article:

"I have often heard it said that big companies, the corporate giants, are the ones that need to think about their business strategically. Smaller, more entrepreneurial companies, by contrast, do not need strategy — they can pursue other routes to business success. In my view, that is exactly backward.

"Unlike the giants, small businesses cannot rely on the inertia of the marketplace for their survival. Nor can they succeed on brute force, throwing resources at problems. On the contrary, they have to see their competitive environment with particular clarity, and they have to stake out and protect a position they can defend. That is what strategy is all about — making choices about how you position your company in its competitive environment."[2]

Everyone, it seems, from economists to marketers to accountants, has declared that small businesses need to plan, should plan, and must plan in order to survive.

But what about small-business owners? Do they think planning is beneficial? Do they take the time to plan on a regular basis? Are they satisfied with the results of their planning efforts?

Our survey results

We surveyed 255 owners of independent businesses in the Midwest in order to learn more about their planning activities.[3] We found that our sample of owners did spend a great amount of time and energy thinking about the future direction of their businesses.

Specifically, when we asked "Do you set long-run goals (at least one year or longer) for your firm?", 79.2 percent said they did. When we asked about setting short-run goals (less than one year), 91.1 percent said they did.

We asked the owners to identify the areas in which they saw planning benefits. Here is what they said:

TABLE 1
AREAS IN WHICH FIRM OWNERS SAW PLANNING BENEFITS

Business Area	*Number*	*Percent of 255*
Increase Sales	199	78.0
Cost Savings	193	75.7
Improved Competitive Position	156	61.2
Overcome Cash Flow Problems	135	52.9

Planning is not only for "big" small firms; this survey found that there is little difference in the planning activities of owners of firms with less than $50,000 in annual sales and firms with $500,000 and more.

In what areas do owners plan? Table 2 indicates the number of firms whose owners said they set performance goals in these areas:

TABLE 2
AREAS IN WHICH OWNERS SET GOALS FOR THEIR FIRMS

Business Area	*Number*	*Percent of 255*
Profit	204	80.0
Sales Level	190	74.5
Sales Growth	171	67.1
Internal Efficiency	168	65.9
Return on Investment	108	42.4
Market Share	77	30.2
Sales per Employee	60	23.5

Figure 1
Additional Survey Results

1. Owner sex: male *76.9 percent*
female *17.8 percent*
M/F Team *5.3 percent*

2. Age of owner: under 25 *5.1 percent*
26-35 *18.6 percent*
36-45 32 *percent*
46-55 *30.1 percent*
56+ *13.4 percent*

79.2 percent said they set long term goals.

3. Years in business: 1-2 years *18.4 percent*
3-5 years *17.2 percent*
6-10 years *20.3 percent*
11+ years *44.1 percent*

4. Education level of owner: high school *25.2 percent*
some college *30.7 percent*
college graduate *29.9 percent*
some graduate school 2 *percent*
graduate degree *12.2 percent*

5. Annual sales: (please check one)
less than $50,000 *22.5 percent*
$50,001-100,000 *5.3 percent*
$100,001-200,000 *10.2 percent*
$200,001-300,000 *11.9 percent*
$300,001-500,000 *11.9 percent*
$500,000+ *38.1 percent*

6. How would you characterize the competitive environment in which you operate?
average = 7.39

1	2	3	4	5	6	7	8	9	10
I HAVE NO COMPETITION			SOME COMPETITION					EXTREMELY COMPETITIVE	

7. Do you set long run goals (at least one year or longer) for your firm?
YES *79.2 percent*
NO *20.8 percent*

8. Do you set short run goals (less than one year) for your firm?
YES *91.1 percent*
NO *8.9 percent*

9. Who sets the goals for your firm? (check the appropriate blank)
I do myself *43.2 percent*
I do with employee input *31.9 percent*
I do with employee agreement *3.1 percent*
It is a joint decision-making process *21.8 percent*

10. How frequently do you set aside time for formal planning?
Daily *18.1 percent*
Weekly *41.6 percent*
Monthly *35.8 percent*
Yearly *4.5 percent*

BEST COPY AVAILABLE

11. How often do you update your plans?
Monthly *35.4 percent*
Semi-annually *15.2 percent*
Yearly *7.4 percent*
When I have time 7.0 percent
Rarely *1.7 percent*
Never *0.8 percent*
When necessary *32.5 percent*

12. Overall, how organized is your planning? *average* = 6.3

1	2	3	4	5	6	7	8	9	10
NOT AT ALL				SOMEWHAT ORGANIZED					VERY ORGANIZED

13. To what extent are you satisfied with the results of your planning efforts? *average* = 6.7

1	2	3	4	5	6	7	8	9	10
VERY UNSATISFIED				SOMEWHAT SATISFIED					VERY SATISFIED

14. Overall, how satisfied are you with small business ownership? *average* = 8.2

1	2	3	4	5	6	7	8	9	10
VERY UNSATISFIED				SOMEWHAT SATISFIED					VERY SATISFIED

Most believe that they are only moderately well-organized and they are only moderately satisfied with their efforts. Perhaps this indicates a need for educational assistance with planning.

Table 3 indicates the areas in which over sixty percent of the owners planned. (The next most common area was referred to by fewer than 40 percent of the owners.)

TABLE 3
AREAS IN WHICH FIRM OWNERS PLAN

Business Area	*Number*	*Percent of 255*
Sales Forecasting	178	69.8
Cash Requirements	174	68.2
Advertising	173	67.8
Capital Expenditure	163	63.9
Manpower Needs	161	63.1

When asked, "How organized is your planning?" on a scale of one to 10 (one being "not at all" and 10 being "very organized"), the average of the responses was 6.3.

When asked "To what extent are you satisfied with the results of your planning efforts?" on a scale of one to 10 (one being "very unsatisfied" and 10 being "very satisfied"), the average of the responses was 6.7.

It probably comes as no surprise to anyone that we found a very strong correlation between organization and satisfaction in planning. It makes sense that those who organize their efforts (and are in control of the process) are likely to feel satisfied with the results.

Our study found one more interesting correlation: those who feel well-organized and satisfied with their planning, are also the ones who are most satisfied with business ownership. We think that this is a particularly important piece of information for entrepreneurship educators to pass along to their clients.

We would like to draw this conclusion from our findings: *A large majority of the owners of existing businesses engage in both long-term and short-term planning. They believe that some of their planning is beneficial. However, most believe that they are only moderately well-organized and they are only moderately satisfied with their efforts. Perhaps this indicates a need for educational assistance with planning.*

How can we help?

As educators, how can we help small business owners improve the quality of their planning? To answer that, let's look at what planning is, why resistance exists, and how we can respond to their needs for improved planning.

First, let's define and describe planning.

What planning is Planning is preparing for our vision of the future. In *Strategic Planning in*

the Small Business, Stoner and Fry say:

The planning process is a means of gathering information, analyzing the impact of this information on the firm, and refocusing efforts to meet new demands and conditions. The strategic planning process provides an overview and analysis of the business and its relevant environment — describing the firm's current condition and recognizing the key external factors affecting its success. Then, the process prescribes an outline or action plan of how the business will proceed to capitalize on its strengths and minimize or mitigate its weaknesses and threats."[4]

There are many different types of plans, but perhaps the seven most common types of plans are the following:

Strategic plans Identifies general framework for accomplishing mission and goals. A blueprint for what the company is going to do and how it is going to do it. Provides a vision for the future of the company. Generally looks further in the future than a business plan.

Business plans The written document that summarizes what a business is, how it will be operated, who its managers are, and what the projected income and expenses of the business will be. The business plan outlines the basis of strategy without the details of implementation.

Marketing plans The setting of sales objectives and how these objectives will be achieved. The plan includes specification of target markets, a positioning strategy, and all the elements of the marketing mix; product (service), price, place, promotion, and people. The marketing plan includes a promotional plan which specifies which of the seven marketing communication methods will be used (advertising, personal selling, public relations, sales promotion, direct marketing, telemarketing and merchandising), and how they will be used.

Financial plans A statement of the sources and uses of funds, and objectives for profit and return on investment. The financial plan usually includes all the accounting and cash flow statements for the company. It specifies how funds will be used to achieve the strategic goals and objectives of the company. It can be both long and short-term in scope. It typically includes specification of how the assets of the firm will be financed.

Human resource development plans A statement of the human resource needs of the company and how people will be hired, trained and compensated. The plan outlines the specific skills and knowledge needed by the firm's employees to achieve the strategic plan of the company. It lists current employee knowledge/skill levels and what steps will be taken in terms of education and training to add to the base level. The plan also projects numbers and basic job responsibilities as a plan for hiring. It outlines the compensation/incentive systems.

Operation plans Operation plans typically specify activities for inventory control, purchasing, facilities and equipment, production, scheduling, delivery, and quality control.

Action plans Action plans identify day-to-day activities in support of the strategic plan. They are the means to the end.

David A. Curtis says in *Strategic Planning for Smaller Businesses* that most small businesses need only three main "classes" of plans. The three classes that he recommends are:

Long-range plans The long-range plan translates strategy into operating objectives; it provides decision-making guidance for operating decisions; and it outlines programs to implement the strategy. The time horizon may be two-to-three years or five-to-seven years, depending on the nature of the industry.

Program Plans The program plans are detailed statements of the individual tasks required to implement the strategy. Each must include detailed objectives for the program, its relation to other programs, its significance in the strategy, the resources need for successful implementation, review and success criteria for monitoring progress, names of responsible people, and schedules. A program may have a time horizon stretching from a few weeks to the time horizon of the long-range plan.

Annual Plans (Budgets) The annual plan (sometimes called the budget) is usually a financial document with objectives for the year stated quantitatively. It must accommodate all of the essential programs operating during that year including those that start, stop, or just operate throughout the year. It is used for guiding and monitoring day-to-day operations.[5]

Why resistance exists

We've all encountered resistance to planning. The reasons for resistance that Steiner cites will probably sound familiar:

"I don't have enough time to do my day-to-day work, so how can I spend time making future plans?"

"I don't understand what planning is supposed to accomplish."

"Long-range planning is too complicated."

"We can't forecast accurately six months ahead, let alone five years, so how can we plan for that?"

We've all encountered resistance to planning.

An ambitious 1989 study of small, medium and large businesses in six countries found that the same top five pitfalls in long-range planning were identified, regardless of region or size of firm.

"Why should I do it? My division is doing fine."

"It's too much paperwork."

"What I need is better cost control and worker productivity, not more planning."[6]

One widely-held theory says that resistance to planning stems from resistance to change. It's human nature to resist change, the theory says, so it's natural for people to feel reluctant to invest their time in the process that designs change.

How can we help reduce small-business owners' resistance to change? Steiner believes that there are certain conditions under which change is more acceptable:

Change is more acceptable when it is understood than when it is not.

Change is more acceptable when it does not threaten security than when it does.

Change is more acceptable when those affected have helped to create it than when it has been externally imposed.

Change is more acceptable when it results from an application of previously established impersonal principles than it is when it is dictated by personal order.

Change is more acceptable when it follows a series of successful changes than it is when it follows a series of failures.

Change is more acceptable when it is inaugurated after prior change has been assimilated than when it is inaugurated during the confusion of other major change.

Change is more acceptable if it has been planned than it is if it is experimental.

Change is more acceptable to people new on a job than to people old on the job.

Change is more acceptable to people who share in the benefits of change than to those who do not.

Change is more acceptable if the organization has been trained to plan for improvement than it is if the organization is accustomed to static procedures.[7]

Can we help small-business owners adapt to change better if we ourselves understand when change is more acceptable? Perhaps. But there is another important factor to consider.

Some people are skeptical about the value of planning. Does it really pay off? It is possible to invest a lot of time and energy in a planning process that leads to nothing.

Let's admit that this is a legitimate concern. There are a lot of reasons why the planning process sometimes fails. An ambitious 1989 study of small, medium and large businesses in six countries found that the same top five pitfalls in long-range planning were identified, regardless of region or size of firm. The five pitfalls are:

- Managers assume that they can delegate the planning to a planner.
- Top management becomes so engrossed in current problems that it spends insufficient time on long-range planning, and the process becomes discredited among the other managers and staff.
- There can be a failure to develop company goals that can serve as a suitable basis for formulating long-range goals.
- There can be a failure to create a climate in the company which is congenial and not resistant to planning.
- There can be a failure of the top management to review with departmental and divisional heads the long-range plans which they have developed.[8]

Responding to the need for improved planning

As educators, it is our job to be aware of these potential problems and to help business owners avoid them. We need to read the books and go through the training process so that we can understand and anticipate potential problems.

A lot of information has been developed to help business counselors in their efforts to assist business owners who have objections to planning. We believe that one of the best is the information that is summarized in the chart that John Ward developed, which you will find in Figure 2 on page 65.

Different authors, of course, have quite different approaches to planning. Four that you may find to be especially interesting are:

- In "Strategic Focus: Identifying and Measuring What You Do Better Than Anyone Else," Harry S. Dent, Jr. describes what he believes is the most important first step: finding the strategic focus of the business. He says, "To maximize and sustain our competitive edge, we must identify the areas where we can add the highest skills and value for customers and adopt new financial tools for measuring and comparing the value we add."[9]
- Should planning be top-down (initiated by top management) or bottom-up (initiated by the staff)? In the past, it was often assumed that important decision-making was top-down in nature. Recently, however, there have been many advocates of a team or consensus approach. In *Strategic Market Planning: the Pursuit of Competitive Advantage,* George S. Day says "The challenge is to foster a dialogue

Figure 2
Objections to Planning

Objection	Response
Planning is a "straitjacket" that limits flexibility.	Planning expands options and the ability to respond to change.
Too many uncertainties make planning impossible. ing.	Planning generates more information and reduces uncertainty through better understand-
Planning requires sharing sensitive information with others.	Planning motivates, increases the ability of the organization to understand how the business performs, and reduces unconstructive guessing as to what is going on.
Planning makes an owner "go public" with ideas and prohibits him from changing his mind.	Planning allows others to better understand the need for change; "going public" increases the ability of the organization to reach its goals.
Planning implies change from the comfortable (and successful) to the uncomfortable (and unknown).	Planning anticipates inevitable change and better implements required change.
Planning often increases "focus" on certain markets at the expense of a broader strategy.	Planning helps conserve valuable resources.
Planning suggests changes that may "cannibalize" past success.	Planning suggests options to minimize that possibility while encouraging the business to complete.
Planning identifies changes that require moving managers beyond their current skills; therefore, it increases their dependence on others who can contribute or teach those skills.	Planning helps perpetuate the institution beyond the lives of key managers.
Planning challenges business assumptions that contribute to clarity, consistency, and effectiveness.	Planning confirms many assumptions while addressing those that must change with the times.

Source: John L. Ward, Keeping the Family Business Healthy: How to Plan for Continuing Growth, Profitability and Family Leadership (San Francisco, CA: Jossey-Bass, Inc., 1987), pp. 5-6. Reprinted with permission from publishers.

Planning anticipates inevitable change and better implements required change.

that blends the top-down corporate concerns...with the bottom-up understanding of specific-product market opportunities....It is critical that all operating managers understand why the strategic direction was chosen and have a substantial commitment to changing their functional activities..."[10]

- Leon Danco believes that owners of successful

Planning in Existing Businesses: Four Vignettes

"We turned the company inside out. Now, four years later, our sales went up 88 percent and our profits went up 300 percent."

The Good, the Bad and the Ugly

"Our first formal business plan was just a fluff piece that we had to do for the bank," says Sarah White, owner of White Space Design, Inc., a Midwest design firm. "When my partner and I bought this firm, we had to do a business plan, but it really did not help us. We said whatever we thought the banker wanted to hear."

Three years later, when Sarah bought out her partner's share of the business, she had to put together a formal plan again. This time, she took a course in planning, and had an entirely different experience.

"I learned how to do a market analysis. As part of that, I made a grid of the characteristics of an ideal client, so that I would know who I should be targeting and who I should be turning down. I analyzed traits (like budget-conciouseness and number of decision makers) of 50 or 60 of my current clients, and came up with some very interesting information.

"My financial projections turned out to be pretty accurate too — within a couple of hundred dollars. Before I took the course, I didn't think I'd be able to do the financial part. I had planned to give that assignment to the bookkeeper. But I figured it out. Knowing how to do all of that has really helped me manage my business better."

The Communication Tool

When Electric Motor Service Inc., a 56-year-old family business, entered a transition period, Peter Sutherland and Bill Hinnendael decided it would be a good idea for the four top managers to spend a week writing a business plan. "It was strictly an internal document," Sutherland said. "We weren't seeking financing, so we weren't in a situation where a bank was telling us to put a plan together.

"We just all realized that we had to be focused. The process enabled us to be more focused, and to get our minds together on where we were going.

"It forced us to deal with important issues, which are sometimes easy to neglect when operating a business. We took a good look at the entire picture and set goals.

"The chief benefit was that it was a good communication tool. We all knew what we were going to try to do. During transition times, especially, that is critical."

The Inside Out

"For a 114-year old company, we have one of the most dynamic business stories around," says Ron Reynolds, owner of Schlaefer Supply Company. For six months, Reynolds met weekly with a counselor while going through the business plan process. "We turned the company inside out," Reynolds says.

The plan helped guide the company through some significant changes. Originally a hardware company, the business over time had evolved into a supply company. The planning process helped the owners to analyze their competitive position, their internal strengths and weaknesses, and the threats and opportunities in their environment. This led to their decision to specialize in the supply of fasteners for industry.

"Now, four years later, our sales went up 88 percent and our profits went up 300 percent. And we're employing more people."

The Job Description

When Victor Mondry opened Madison, Wisconsin's first gourmet coffee store in 1979, his job description was simple: He did everything.

He selected the beans and the real estate, he engineered the shipping arrangements and the accounting system, he roasted the beans and sold them to customers, many of whom he knew by name.

Now, 12 years later, Mondry is the owner/operator of a multi-million dollar corporation with six locations and 60 employees.

His new job description: Planner.

"The most important thing I do is plan. I've learned how to delegate just about everything except monitoring the quality of the beans and planning"

It's not easy, Mondry says. Monitoring the capital expenses, maintaining his market

niche, anticipating consumer trends, managing multiple locations: all of these are important parts of his on-going planning process.

"Sometimes it seems like I have signed up to swim the English Channel blindfolded, and I'm not that good of a swimmer," he says.

"But good planning is critical," he emphasized. "So far, everything is going according to plan."

—*Catherine Stover*, Editor

businesses should hire a board of outside directors so that the strategic issues of a business get the attention they deserve. In *Outside Directors in the Family Owned Business*, he says "As a company grows in size and complexity, the need for strategic attention becomes even more important. Typically, working boards help establish long-range policies. Owner/managers too often confuse strategy with tactics — and the loser, almost automatically, is strategy."[11]

- What about all of the new strategic planning software that has been developed to help small-business owners? Does it work? Who should use it? The authors of "Strategic Planning on a Personal Computer" in the business journal *Long Range Planning*, address these concerns and more.[12] *(Editor's Note: See also the article in this issue "Financial and Strategic Planning Software.")*

These are just four of the many excellent books and articles on planning. The following bibliography contains additional resources:

Planning Resources

Books:

Aaker, David, *Developing Business Strategies*, New York: John Wiley and Sons, 1984.

Albert, Kenneth J., *Strategic Management Handbook*, New York: McGraw-Hill, 1983.

Aldag, Ramon J., and Stearns, Timothy M., *Management*, see chapter six, "Strategic Planning," Cincinnati: Southwestern Publishing, 1987.

Ansoff, H. Igor, Declerch, Roger P., and Hayes, Robert L., eds., *From Strategic Planning to Strategic Management*, New York: John Wiley and Sons, 1976.

Below, Patrick J., *Executive Guide to Strategic Planning*, San Francisco: Jossey-Bass, 1987.

Cooper, A. C., "Strategic Management: New Ventures and Small Business," from *Strategic Management: A New View of Business Policy and Planning*, Schendel, Dan E. and Hofer, Charles W., eds., Boston: Little, Brown, 1985.

Curtis, David A., *Strategic Planning for Smaller Businesses*, Lexington, MA: D.C. Heath and Co., 1983.

Danco, Leon A. and Jonovic, Donald J., *Outside Directors in the Family Owned Business*, Cleveland: University Press, Inc., 1981.

Day, George S., *Strategic Market Planning: The Pursuit of Competitive Advantage*, St. Paul: West Publishing Company, 1984.

Denning, Basil, ed., *Making Strategic Planning Work in Practice*, New York: Pergamon Press, 1989.

Director, Steven, *Strategic Planning for Human Resources*, New York: Praeger Press, 1986.

Gardner, James R., Rachlin, Robert, and Sweeny, H. W. Allen, eds., *Handbook of Strategic Planning*, New York: John Wiley and Sons, 1986.

Grant, John R., ed., *Strategic Management Frontiers*, Greenwich, CT: JAI Press, 1987.

Hax, Arnoldo C., ed., *Planning Strategies That Work*, ed., New York: Oxford University Press, 1987.

Hodgetts, Richard M. and Kuratko, Donald F., *Management*, San Diego: HBJ/Dryden, 1991. See Chapters 7 and 8.

Melcher, Bonita H., and Kerzner, Harold, *Strategic Planning: Development and Implementation, Blue Ridge Summit*, Pa. TAB Books, Inc., 1988.

Porter, Michael E., *Competitive Strategy: Techniques for Analyzing Industries and Competitors*, New York: The Free Press, 1980.

Porter, Michael E., *Competitive Advantage*, New York: Macmillan, 1985.

Steiner, George A., *Strategic Planning: What Every Manager Must Know*, New York: The Free Press, 1979.

Stoner, Charles R., and Fry, Fred L., *Strategic Planning in the Small Business*, Cincinnati: Southwestern Publishing, 1987.

"As a company grows in size and complexity, the need for strategic attention becomes even more important."

Strategic Planning: A Structured Approach to Company Success, the editors of *Small Business Reports*, Management Information Series, Monterey, Calif. Business Research and Communications, 1987.

Articles:

Alpander, Guvenc G., Carter, Kent D., and Forsgren, Roderick A., "Managerial Issues and Problem-Solving in the Formative Years," *Journal of Small Business Management*, April, 1990.

Bracker, Jeffrey S., Keats, Barbara W., and Pearson, John N., "Planning and Financial Performance among Small Firms in a Growth Industry," *Strategic Management Journal*, November-December 1988, volume 9.

Bracker, Jeffrey S., Keats, Barbara W., and Pearson, John N., "Planning and Financial Performance of Small Mature Firms," *Strategic Management Journal*, Volume 7, 1986.

Clark, Richard S., "Four Sure Ways to Strategic Planning," *CA Magazine*, March 1986.

Dent, Harry S., Jr., "Strategic Focus: Identifying and Measuring What You Do Better Than Anyone Else," *Small Business Reports*, January, 1991.

Gray, Daniel H., "Uses and Misuses of Strategic Planning," *Harvard Business Review*, January-February 1986, volume 64, number 1.

Hamermesh, Richard G., "Making Planning Strategic," *Harvard Business Review*, July-August 1986, volume 64, number 1.

Hayes, Robert H., "Strategic Planning: Forward in Reverse," *Harvard Business Review*, November-December 1985, volume 63, number 6.

Leontiades, Milton and Tezel, Ahmet, "Planning Perceptions and Planning Results," *Strategic Management Journal*, January-March 1980.

Orpen, Christopher, "The Effects of Long-Range Planning on Small Business Performance: A Further Investigation," *Journal of Small Business Management*, January, 1985.

Porter, Michael E., "Know Your Place," *Inc.*, Volume 13, number 9, September 1991.

Rice, George H., Jr., "Strategic Decision Making in Small Business," *Journal of General Management*, volume 9, number 1, Autumn 1983.

Robinson, Richard B., Logan, John E. and Salem, Moragea Y., "Strategic Versus Operational Planning in Small Retail Firms," *American Journal of Small Business*, Winter, 1986.

Scarborough, Norman M., "Strategic Planning for the Small Business," *Business*, volume 37, April-May-June 1987.

Schoeffler, Sidney, Buzzell, Robert D., and Heany, Donald F., "Impact of Strategic Planning on Profit Performance," *Harvard Business Review*, March-April 1974.

Sexton, Donald L. and Van Auken, Philip, "A Longitudinal Study of Small Business Strategic Planning," *Journal of Small Business Planning*, January, 1985.

Waalewijn, P., Boulan, R. "Strategic Planning on a Personal Computer," *Long Range Planning*, volume 23, number 4, August 1990. ■

We conducted our empirical study through the Entrepreneurship Program at Ball State University in the spring of 1991.

The authors would like to thank the University of Wisconsin-Madison SBDC for their assistance with this article.

Footnotes

1 Please see: "The Effects of Long-Range Planning on Small Business Performance: A Further Investigation," Christopher Orpen, *Journal of Small Business Management*, January, 1985; "A Longitudinal Study of Small Business Strategic Planning," Donald L. Sexton and Philip Van Auken, *Journal of Small Business Planning*, January, 1985; "Strategic Versus Operational Planning in Small Retail Firms," Richard B. Robinson, John E. Logan and Moragea Y. Salem, *American Journal of Small Business*, Winter, 1986; "Planning and Financial Performance of Small Mature Firms," Jeffrey S. Bracker, Barbara W. Keats and John N. Pearson, *Strategic Management Journal*, Volume 7, pp. 503-522, 1986; "Planning and Financial Performance Among Small Firms in a Growth Industry," Jeffrey S. Bracker, Barbara W. Keats and John N. Pearson, *Strategic Management Journal*, Volume 9, pp. 591-603, 1988; "Managerial Issues and Problem-Solving in the Formative Years," Guvenc G. Alpander, Kent D. Carter, and Roderick A. Forsgren, *Journal of Small Business Management*, April, 1990, pp. 9-10.

2 Porter, Michael E., "Know Your Place," *Inc.*, Volume 13, number 9, September 1991, page 90.

3 We conducted our empirical study through the Entrepreneurship Program at Ball State University in the spring of 1991. The sample consisted of retail and service businesses with only a handful of manufacturers. The intent of the survey was to investigate the planning activities of small firms in the Midwest in order to gain a better focus on the actual planning that is done by small business owners. In general, the results indicated that this sample of owners did spend a great amount of time and energy

thinking about the future direction of their business. Thus, planning is, in effect, an important part of a small business owner's activity.

4 Stoner, Charles R., and Fry, Fred L., *Strategic Planning in the Small Business*, Cincinnati: Southwestern Publishing, 1987.

5 Curtis, David A., *Strategic Planning for Smaller Businesses*, Lexington, Mass. D.C. Heath and Co., 1983, page 31.

6 Steiner, George A., *Strategic Planning: What Every Manager Must Know*, New York: The Free Press, 1979, pp. 95-96.

7 Steiner, George A., *Strategic Planning: What Every Manager Must Know*, New York: The Free Press, 1979, page 104.

8 Denning, Basil, ed., *Making Strategic Planning Work in Practice*, New York: Pergamon Press, 1989, page 7.

9 Dent, Jr., Harry S., "Strategic Focus: Identifying and Measuring What You Do Better Than Anyone Else," *Small Business Reports*, January, 1991, page 62.

10 Day, George S., *Strategic Market Planning: The Pursuit of Competitive Advantage*, St. Paul: West Publishing Company, 1984, page 6.

11 Danco, Leon A. and Jonovic, Donald J., *Outside Directors in the Family Owned Business*, Cleveland: University Press, Inc., 1981, page 41.

12 Waalewijn, P., Boulan, R. "Strategic Planning on a Personal Computer," *Long Range Planning*, volume 23, number 4, August 1990, pp. 97-103.

This is a publication of the University of Wisconsin-Extension Small Business Development Center, and is supported by funds from the U.S. Small Business Administration under Cooperative Agreement number SB-2M-00053-11. Any opinions, findings and conclusions or recommendations expressed in this publication are those of the author(s) and do not necessarily reflect the views of the U.S. Small Business Administration.